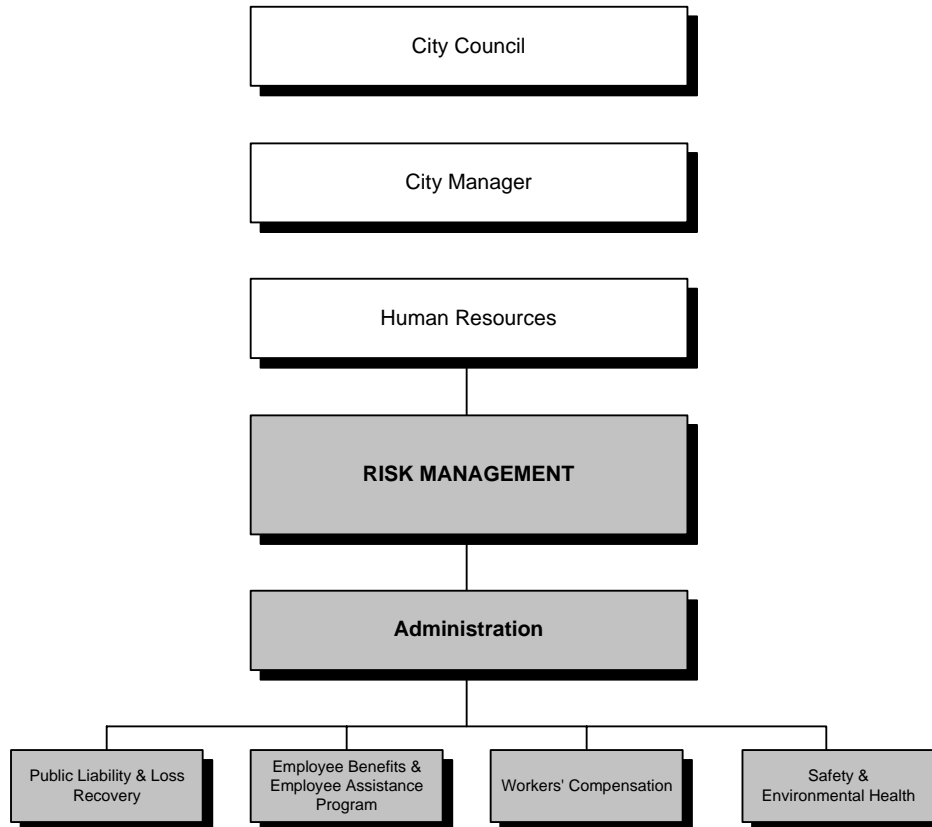


Risk Management



The Risk Management department effectively forecasts, controls, and eliminates the City's risks through the administration of comprehensive safety and liability/loss control programs. The department also provides optimum service to employees through a variety of interrelated health, safety and other employee benefit programs. The provision of these crucial prevention-oriented programs greatly enhances the working environment and serves as an incentive for employee recruitment, retention and satisfaction, while protecting the City's assets, employees and citizens.



Risk Management

Department Description

The Risk Management Department manages the City's employee benefits contracts and programs, administers Employee Health and Safety Program, manages the City's Workers' Compensation Programs, and coordinates public liability/loss control measures intended to forecast and reduce the City's exposure to risks.

Milestones Met/Services Provided

As a result of internal reviews and external operational assessments conducted this year and in response to rapidly rising workers' compensation costs, Risk Management developed an optimization plan. This plan will increase departments' awareness of the areas where losses are accruing and where resources should be applied to reduce the volume of claims or incidents. The Safety and Environmental Health Division is working with City departments to develop an aggressive, prevention-oriented program within each department to increase safety awareness and lower injury rates and costs.

Although the caseloads handled by Risk Management claims representatives exceeded industry standards by 50 percent this past year, performance was strong. For example, 34 percent more workers' compensation claims were closed than the number opened and 11 percent

more Long Term Disability cases were closed than opened. The Benefit Enrollment and Maintenance Section processed 5,546 benefit-related transactions for City employees.

Future Outlook

The Risk Management Department's Workers' Compensation section is preparing to assist departments in lowering their injury rates by automating the paper-intensive workers' compensation claim process and by providing management information reports related to their injury rates and trends. The new Injury Tracking and Safety System (ITSS) will come on-line this year. The ITSS will improve the time it takes to report an injury and is expected to eliminate self-imposed penalties incurred due to late processing of claims. However, new workers' compensation legislation effective in January 2003 will increase the costs associated with claims filed after that date.

A centralized Call-In Center for injuries and accidents will also be implemented. This streamlined process will ensure reduced wait time for employees needing medical attention, increase the City's ability to save costs of the industrial health care provided and the industrial leave hours taken, and assist supervisors and managers in processing these correctly.

Significant Budget Adjustments

Risk Management	Positions	Cost
Personnel Expense Adjustments Adjustments to reflect the annualization of the Fiscal Year 2002 negotiated salary compensation schedule, average salaries, fringe benefits and other personnel expense adjustments.	0.00 \$	212,523
Non-Discretionary Adjustments to reflect expenses that are determined outside of the department's direct control. Examples of these adjustments include utilities, insurance, and rent.	0.00 \$	125,654
Support for Police Department Risk Management support for the addition of 10.00 Police Officers in the Neighborhood Policing Program. This program addresses public safety issues and problems contributing to crime in the City's neighborhoods.	0.00 \$	10,658
Onetime Expenses Onetime support costs for 1.00 Claims Representative II that was added in Risk Management's Public Liability section last fiscal year.	0.00 \$	(4,835)

Risk Management

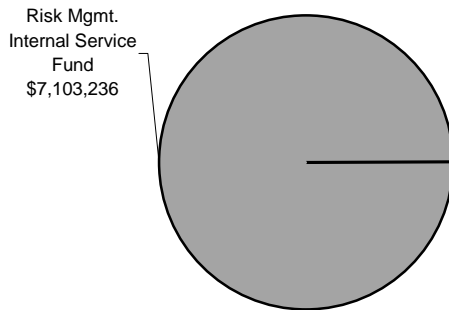
Risk Management			
	FY 2001 ACTUAL	FY 2002 BUDGET	FY 2003 PROPOSED
Positions	80.73	81.77	81.77
Personnel Expense	\$ 5,021,899	\$ 5,235,293	\$ 5,458,474
Non-Personnel Expense	\$ 2,133,953	\$ 1,523,943	1,644,762
TOTAL	\$ 7,155,852	\$ 6,759,236	\$ 7,103,236

Department Staffing	FY 2001 ACTUAL	FY 2002 BUDGET	FY 2003 PROPOSED
RISK MANAGEMENT ADMINISTRATION			
Risk Management	80.73	81.77	81.77
Total	80.73	81.77	81.77

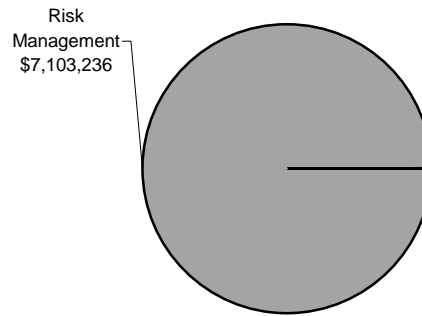
Department Expenditures	FY 2001 ACTUAL	FY 2002 BUDGET	FY 2003 PROPOSED
RISK MANAGEMENT ADMINISTRATION			
Risk Management	\$ 7,155,852	\$ 6,759,236	\$ 7,103,236
Total	\$ 7,155,852	\$ 6,759,236	\$ 7,103,236

Risk Management

Source of Funding



Allocation of Funding



Budget Dollars at Work

\$6,465,162 Saved by aggressively reviewing workers' compensation medical bills

\$2,877,475 Recovered from third parties for damage to City property

914 New employees enrolled in the City's own Supplemental Pension Savings Plan

1,644 Requests processed to change 401(k) and/or deferred compensation contributions and retirement plan transfers

Key Performance Measures

	FY 2001 Actual	FY 2002 Budget	FY 2003 Proposed
Average cost per safety evaluation	\$870	\$629	\$710
Average cost per public liability claim processed	\$311	\$333	\$315
Average cost for administering each City employees' benefits	\$113	\$142	\$142
Average cost per opened workers' compensation claim processed	\$661	\$658	\$695

Risk Management

Division/Major Program Descriptions

Administration

This program provides policy direction, supervision and administrative control over the operations of the department, including the Public Liability, Employee Benefits, Workers' Compensation and Rehabilitation, Safety and Environmental Health Division. Staff prepares and administers the department's budget, provides centralized payroll and fiscal document processing and provides timely input to the City Manager and the City Council in making loss control, revenue recovery, loss prevention and employee benefit decisions.

Public Liability and Loss Recovery

The Public Liability & Loss Recovery Division administers a self-insured program for public liability (tort) risks, which is supplemented by purchased excess liability insurance. The division supports: investigation and settlement of all claims arising from the City's operation as a municipality; services to citizens and special event promoters to insure the public's interests are protected with appropriate insurance; selection and purchase of all risk and excess liability insurance; and investigation and recovery of damages to City assets caused by individuals and corporate entities.

Employee Benefits

The City provides its employees with a Flexible Benefits Plan, a Long-Term Disability Plan, Employee Savings Plans and an Employee Assistance Program. The Flexible Benefits Plan administers health and life insurance coverage. Staff further determines eligibility for the Flexible Benefits Plan and adjusts claims for medical and childcare reimbursement options. The Long-Term Disability Plan provides non-industrially disabled City employees with income and flexible benefits coverage. The employee savings plans allow employees to enhance their retirement years by fully participating in tax-deferred plans. The Employee Assistance Program assists employees in solving personal and family problems that affect them.

Workers' Compensation

The City's Workers' Compensation Plan is self-insured and self-administered in accordance with the California Labor Code. Staff provides information and assistance to injured employees and other defined customers including all City departments. Staff further investigates, determines and delivers appropriate benefits including: all medical and salary continuation benefits, death benefits to surviving dependents, disability benefits, and coordination of vocational rehabilitation for disabled employees in compliance with state and federal mandates.

Safety and Environmental Health

The goals of the Safety and Environmental Health Division are to prevent losses to the City and to provide safe public facilities and employee work areas. The centralized staff of this program assists and works with line management in all City departments in an effort to reduce injuries and illnesses. They coordinate and conduct safety training, inspect work places, investigate and monitor employee injury and accident reports and work with City departments to develop safety and environmental health procedures.

Salary Schedule

RISK MANAGEMENT ADMINISTRATION

Risk Management

<i>Class</i>	<i>Position Title</i>	<i>FY 2002 Position</i>	<i>FY 2003 Position</i>	<i>Salary and Fringe</i>	<i>Total</i>
1105	Administrative Aide I	0.50	0.50	52,644	26,322
1106	Senior Management Analyst	1.00	1.00	82,619	82,619
1256	Benefits Representative II	7.00	7.00	47,177	330,239
1340	Claims Aide	10.25	10.25	52,261	535,674
1341	Claims Clerk	12.25	12.25	45,108	552,575
1343	Claims Representative II	15.75	15.75	72,875	1,147,787
1349	Info Systems Analyst III	1.00	1.00	81,141	81,141
1391	Supv Claims Representative	4.00	4.00	83,547	334,188
1406	Employee Assistance Counselor	2.00	2.00	70,611	141,222
1407	Employee Benefits Specialist II	1.00	1.00	75,385	75,385
1417	Employee Benefits Specialist I	2.00	2.00	63,630	127,260
1429	Employee Assistance Prog Mgr	1.00	1.00	91,540	91,540
1535	Clerical Assistant II	3.00	3.00	41,622	124,866
1811	Rehabilitation Coordinator	1.00	1.00	80,775	80,775
1816	Claims And Insurance Manager	2.00	2.00	94,883	189,766
1823	Safety Officer	4.00	4.00	78,310	313,240
1826	Safety Representative II	6.00	6.00	68,762	412,572
1876	Executive Secretary	1.01	1.01	60,381	60,985
1879	Senior Clerk/Typist	1.00	1.00	50,725	50,725
1937	Senior Claims Representative	3.00	3.00	79,739	239,217
1972	Safety and Training Manager	1.00	1.00	89,637	89,637
2111	Assistant City Manager	0.01	0.01	210,100	2,101
2157	Risk Management Director	1.00	1.00	152,631	152,631
2214	Deputy Director	1.00	1.00	124,263	124,263
	Ex Perf Pay-Classified				4,000
	Temporary Help				87,744
	Total	81.77	81.77	\$	5,458,474
RISK MANAGEMENT TOTAL		81.77	81.77	\$	5,458,474

Risk Management

Five-Year Expenditure Forecast

	FY 2003 PROPOSED	FY 2004 FORECAST	FY 2005 FORECAST	FY 2006 FORECAST	FY 2007 FORECAST
Positions	81.77	91.52	92.52	93.52	93.52
Personnel Expense	\$ 5,458,474	\$ 6,195,070	\$ 6,452,768	\$ 6,718,197	\$ 6,919,743
Non-Personnel Expense	1,644,762	2,933,272	3,257,984	3,559,724	3,149,396
TOTAL EXPENDITURES	\$ 7,103,236	\$ 9,128,342	\$ 9,710,752	\$ 10,277,921	\$ 10,069,139

Fiscal Year 2004

Addition of 2.00 Benefit Representative II positions, 3.75 Claims Representative II positions, 1.00 Sr. Clerk Typist, 1.00 Insurance Claims Manager, 1.00 Supervising Claims Representative, 1.00 Information Systems Analyst positions will be required for ongoing program enhancements, anticipated workload increase and to maintain the current level of service. Support will also be required for office supplies and new hires for Benefits Enrollment and Maintenance, Public Liability, and Workers' Compensation.

Additional funding will be required for the Employee Savings Trustee Board, training and certifications, equipment, the Policy and Procedures Manual, training costs, equipment outlay, and automation efforts.

Fiscal Year 2005

Addition of 1.00 Claims Representative II position will be required for support of ongoing program enhancements, anticipated workload increase, and to maintain the current level of service.

Additional funding will be required for the new position, the purchase of a document scanner, and automation. Reductions of one time expenditures will also be necessary.

Fiscal Year 2006

Addition of 1.00 Claims Representative II position will be required for support of ongoing program enhancements, anticipated workload increase, and to maintain the current level of service.

Additional funding will be needed for the new position. Reductions of onetime expenditures will also be necessary.

Fiscal Year 2007

Support will be required for automation expansion and to maintain current level of service. Reductions of onetime expenditures will also be necessary.

Revenue and Expense Statement

RISK MANAGEMENT ADMINISTRATION FUND 50061	FY 2001 ACTUAL	FY 2002 ESTIMATED	FY 2003 PROPOSED
BEGINNING BALANCE AND RESERVE			
Balance from Prior Year	\$ 832,944	\$ 1,014,863	\$ 449,530
Prior Year Reserves	42,698	64,195	64,195
TOTAL BALANCE	\$ 875,642	\$ 1,079,058	\$ 513,725
REVENUE			
Services Rendered to Others	\$ 354,078	\$ 370,000	\$ 304,000
City Contributions - General Fund	5,064,441	5,020,992	4,599,000
City Contributions - Other Funds	1,856,615	1,857,079	1,701,000
Miscellaneous Revenue	84,134	6,045	-
TOTAL REVENUE	\$ 7,359,268	\$ 7,254,116	\$ 6,604,000
TOTAL BALANCE AND REVENUE	\$ 8,234,910	\$ 8,333,174	\$ 7,117,725
EXPENSE			
Prior Year Expenses	\$ 697	\$ 25,923	\$ -
Operating Expenses	6,644,332	6,993,526	7,103,236
Transfer to Other Funds	510,823	800,000	-
TOTAL EXPENSE	\$ 7,155,852	\$ 7,819,449	\$ 7,103,236
RESERVE			
Reserve for Advances	\$ 24,266	\$ 24,266	\$ -
Reserve for Encumbrances	39,929	39,929	-
TOTAL RESERVE	\$ 64,195	\$ 64,195	\$ -
BALANCE	\$ 1,014,863	\$ 449,530	\$ 14,489
TOTAL EXPENSE, RESERVE AND BALANCE	\$ 8,234,910	\$ 8,333,174	\$ 7,117,725

